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A month and a half ago, I spoke to the state Farm Bureau presidents in Chicago. I said then that the overall farm price and income situation is a lot better today than it was a year ago. It's just as true today.

The facts bear out my observation.

Net farm income for 1978 will be \$4 - 5 billion higher than last year's \$20 billion. Any increase is good news for farmers, but it's particularly good since it has been higher only twice and the last time it was higher was 4 years ago.

Agricultural exports this fiscal year will be \$2 - 3 billion higher than last year's \$24 billion, and the volume of those exports will be up 12 - 14 percent. Both will be new records.

Remarks prepared for delivery by James C. Webster, Acting Director, Office of Governmental & Public Affairs, before the North Carolina Farm Bureau Federation, Raleigh, North Carolina, September 5, 1978

For the first 9 months of the fiscal year -- last October through June this year -- exports were \$20.5 billion. That was almost 10 percent over year-earlier levels. But even more impressive, increases from March to June were 21 percent higher than last year. These gains were the result of expanded exports of wheat, soybeans and products, and feedgrains.

The value of tobacco exports may be up about \$40 - 45 million to nearly \$1.1 billion this year.

Because of the new peanut program, reports are that growers have contracted to export about 340,000 tons of additional peanuts for prices between \$380 and \$410 per ton.

To us, this is a strong indication that farmers and shellers want to be able to meet growing world demand.

Equally encouraging for our nation as a whole is that the agricultural trade balance will increase over \$2 billion this fiscal year to between \$12.5 and \$13 billion. That's also a record.

The current outlook for commodities produced in North Carolina also shows that conditions have improved. Tobacco prices are up 20 percent over last year, with production up only slightly.

The broiler output for June through September is expected to be 8 percent higher than last year. For the last quarter of the year it may be 10-12 percent higher. The demand is going to remain strong and prices are expected to be 3-5 cents per pound above last year's 41 cents-a-pound average.

An increase of 4 percent in pork production above last year at this time will mean that prices should be good and average in the mid \$40's.

In peanuts, we look for record production of almost 3.9 billion pounds. However, India's crop looks better this year. They've had the rain and appear to be recovering from the past two years of drought. This will most likely reduce our ability to establish new record exports.

The overall outlook for crops and farmers' prices is improved for several reasons.

Weather is probably the most important.

But, another very important reason for things getting better is that the policies and programs of the Carter Administration are working.

The tobacco program is working well this year. Many of you were in Wilson early last month to hear the President. At that time he stated his commitment to maintaining a price support loan program for tobacco. Secretary Bergland has said the same thing many times.

We know how vital tobacco is to this state. Just last week two people from my staff were here learning about tobacco. Though they are from wheat and corn growing regions, they are interested in your agriculture, in your culture, and in your pride in producing a quality product for the United States and the world.

There are many figures used about how many tobacco farmers we have in the U.S. -- about how many there are in North Carolina. I know that tobacco accounted for about one-third of the cash receipts from farming in North Carolina last year. But I also know how important the tobacco industry is to your economy. I'm certain that over a million people in this state would be out of work if there were no tobacco industry.

Tobacco farmers are primarily small family farms. The tobacco farmer is one of the few remaining farmers in the United States that can make a decent living from a relatively small number of acres. This industry is one that we will protect.

Just how well the tobacco program is working is evident in the market prices. Through August 31, North Carolina

flue-cured prices averaged from \$18 to almost \$22 per hundred pounds higher than last year at this time.

Type 13 was averaging \$132.86 through last week, compared to \$111.26 a year ago. Type 12 Eastern Belt sold an averaged \$128.17, compared to \$110.02 a year ago. Type 11, Old and Middle Belt averaged \$116.42, up from \$96.33 last year. The season average price for all flue-cured tobacco sold this season is over \$24 higher than last year at this time. It's \$132.09.

Loan stocks are also a good measuring device. Type 13 loans are averaging just over 5.5 percent of total sales. Type 12 is just over 7 percent, while Type 11 is only 5.8 percent. This is less than one-half of the amount of tobacco that had moved into the Flue-Cured Stabilization Co-op last year at this same time.

The prices and the loan stocks are firm indications of how well our own programs are working. The quality of tobacco being marketed this year is better than last. We believe the Four Leaf Program has had something to do with this. While fewer North Carolina farmers (11 percent of those eligible) signed up to participate in this program, many farmers have supported the objectives of this program and decided not to take lower stalk tobacco to market.

And, many growers are taking greater care in cleaning their tobacco. You've shown that you care about marketing the highest quality product possible.

I also think that you all realized the critical problem that Stabilization was facing with the three-year oversupply of downstalk grades on hand.

The President and Secretary Bergland have said many times that Washington can not solve all farmers' problems. North Carolina Agriculture Commissioner Jim Graham, Stabilization and its officers, and the North Carolina Farm Bureau have all helped tobacco growers realize the seriousness of the downstalk problem and how it can be corrected.

You've taken action on that message.

The other program that I want to talk about in some detail is peanuts. Your state is the third largest producer, growing about 12 percent of the total U.S. crop. With over 13,000 farms in peanut production, this program is important.

The new program has been in effect for about a year now. It involves some new concepts, so we are watching it carefully to identify and correct any problems that occur.

Our other major commodity programs are established on the principle that we must be competitive in world markets to have good producer incomes.

For peanuts, the two level support program works the same way. The support level for additional peanuts is set so that these peanuts can be exported competitively. Early indications are that producers and shellers are contracting these additional peanuts.

While you are preparing to harvest and market this year's peanut crop, the Department has started its review of the '78 program and begun planning for the 1979 program.

As in other commodity programs, it is absolutely essential that we hear from the peanut growers. We need to have your input and advice.

One way that we are trying to hear from you is through the Peanut Task Force. This Task Force will meet from time to time to discuss the program, how it is being operated, and make recommendations to Secretary Bergland and ASCS. I understand that the task force itself will be making a full report soon on their recommendations for the 1979 program.

I know that Ray Fitzgerald of ASCS would like to hear from as many producers as possible, so I wouldn't hesitate to write to him with your ideas.

One of the recent decisions that should be welcomed by peanut growers is that farm stored loans for additional peanuts are being permitted. Up to now, only quota peanuts were eligible for farm stored loans.

There is one additional program that I want to talk to you about today, and urge you to support. It is the Farm Production Protection Plan. Both the President and the Secretary have a major commitment to this all-risk crop insurance program to protect farmers' income against natural and uncontrollable disasters.

Even though existing disaster programs have helped many of you through droughts, I'm sure that you would agree that the help was either too late or not enough. In some cases you may not have qualified for assistance.

The drawbacks of four separate programs have been considered in our proposed legislation, now before the Congress.

First of all, natural disaster protection will be expanded to cover 18 crops -- including tobacco -- that accounts for 89 percent of the planted acreage in the United States.

This new program provides farmers with a choice of three levels of protection that will roughly cover: 1) out-of-pocket production expenses, 2) out-of-pocket expenses plus some machinery ownership expenses, or 3) the previous two plus a return for management and a partial return for land.

We know that you believe in crop insurance with over 50 percent of the tobacco crop insured. Under the existing program coverage for 1,385 pounds or \$1,660 per acre, your premium is \$39.85 per acre.

Under the new program with the federal government subsidizing half of the premium for 50 percent coverage (990 pounds at \$1,188), the producer cost is \$10.80 per acre. For 70 percent coverage or the same as currently exists, the cost to the producer is \$27.40 per acre.

We believe that this is the kind of program that is needed to protect your ability to continue producing your crop.

I think you would agree with us that the policies and programs that the Carter Administration has implemented are working. They will continue to work if farmers like yourselves use them effectively.

We all have a stake in a healthy agricultural economy. And, only by having a strong agricultural system can the United States maintain a healthy domestic economy.

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